WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
FINAL UTILITY ORDERS
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June 7, 2002

In the matter of the Investigation Into U S WEST COMMUNICATIONS, INC.'S[1] Compliance with Section 271 of The Telecommunications Act o0f 1996 . . . . . . In the Matter of U S WEST COMMUNICATIONS, INC.'S Statement of Generally Available Terms Pursuant to Section 252(f) of the Telecommunications Act of 1996	DOCKET NO. UT-003022 DOCKET NO. UT-003040 THIRTY-FIFTH SUPPLEMENTAL ORDER DENYING PETITION FOR INTERVENTION AND MOTION TO REOPEN A petition to intervene is untimely and there is no good cause to grant it and to reopen the proceeding when it is filed in a proceeding commenced two years earlier, in which the Commission has held numerous workshops, oral arguments, hearings, and when the last of the Commission's scheduled hearings are being held. ¶¶8-9; *WAC 480-09-430(1)(a) and (3).*

[1] U S WEST Communications and GTE have merged and are now known as Qwest. The order refers to U S WEST as Qwest throughout.

June 14, 2002

In the Matter of the Investigation Into U S WEST COMMUNICATIONS, INC.'S[2] Compliance with Section 271 of the Telecommunications Act of 1996 . . . . . . In the Matter of U S WEST COMMUNICATIONS, INC.'s[3] Statement of Generally Available Terms Pursuant to Section 252(f) of the Telecommunications Act of 1996.	DOCKET NO. UT-003022 DOCKET NO. UT-003040 THIRTY-SIXTH SUPPLEMENTAL ORDER MODIFYING INTERPRETIVE AND POLICY STATEMENT ON DOCKET NO. UT-970300 There is no compelling reason for retaining the requirement that Qwest file with the Commission its application for in-region interLATA service in Washington 90 days in advance of filing the application with the FCC because of the extensive proceedings already held in the state addressing issues associated with the application. ¶13.

[2] U S WEST Communications and GTE have merged and are now known as Qwest. The order refers to U S WEST as Qwest throughout.

[3] U S WEST Communications and GTE have merged and are now known as Qwest. The order refers to U S WEST as Qwest throughout.

June 18, 2002

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. AVISTA CORPORATION, d/b/a AVISTA UTILITIES Respondent.	DOCKET NO. UT-011595 FIFTH SUPPLEMENTAL ORDER APPROVING AND ADOPTING SETTLEMENT STIPULATION The Commission approves and adopts a settlement agreement that calls for no incremental increase in customer rates beyond what was approved in interim rates; reallocation of the revenue increases authorized in the interim phases to allow for reduction of the power cost deferral account, and for application to operations expenses. The Commission authorizes implementation of an "Energy Recovery Mechanism" that allows for positive or negative adjustments to Avista's rates to account for fluctuations in power costs outside of a $9 million band for power-cost recovery in base rates.

June 20, 2002

In the Matter of the Investigation Into

U S WEST COMMUNICATIONS, INC's

Compliance with Section 271 of the Telecommunications Act of 1996

. . . . . .

In the Matter of

U S WEST COMMUNICATIONS, INC's

Statement of Generally Available Terms Pursuant to Section 252(f) of the Telecommunications Act of 1996

DOCKET NO. UT-003022

DOCKET NO. UT-003040

THIRTY-SEVENTH SUPPLEMENTAL ORDER ADDRESSING QWEST'S SGAT AND QPAP COMPLIANCE

The Commission directs Qwest to modify the Statement of Generally Available Terms ("SGAT") and Qwest's Performance Assurance Plan ("QPAP") as follows:

Since the 30th Supplemental Order specifically limited the application of the revenue cap to payments under the QPAP, Qwest must modify the QPAP to reflect this, except that Tier 2 payments shall be subject to the cap. ¶19.

Qwest must modify the QPAP to indicate that the state of Washington annual revenue cap shall be 36% of Automated Reporting Management Information System ("ARMIS") Net Return, recalculated each year based on the prior year's Washington ARMIS results. Qwest must submit the calculation of each year's cap within 30 days after it submits the ARMIS results to the FCC. ¶20.

Qwest may not alter the critical value applied to performance measurements eligible for Tier 2 payments from those contained in the 30th Supplemental Order, but may raise the issue of the level of Tier 2 payments at the six-month review. ¶26.

With regard to collocation payments, Qwest must modify the QPAP to reflect that the CP-2 and CP-4[4] business rules are applicable, only to matters not addressed in WAC 480-120-560, and must make other sections of the QPAP and SGAT consistent with each other. ¶29; *WAC 480-120-560*.

With regard to providing payment opportunities for performance measures applicable to enhanced extended loops ("EELS"), sub-loops, and line sharing as standards are developed, Qwest must include the agreed upon standard for line sharing in the QPAP and attach Performance Indicator Definitions to the QPAP. ¶40.

Qwest must modify the payment tables to increase the base value of QPAP payments for residential and business resale and unbundled loops ("UBL-2") wire/analog loops to $150. ¶44.

Performance assurance plans cannot be frozen in time; they should remain flexible to address emergent issues. The states must retain authority for ongoing oversight of the plan and retain flexibility over how a plan should be changed. The QPAP should not be self-limiting because it is impossible to predict future outcomes. Qwest must modify the QPAP to reflect the state's ability to modify the plan if necessary. ¶¶53-55

Qwest must delete references to a Special Fund for participation in a multi-state process to review and audit the QPAP until the

[4] CP-2 and CP-4 are performance measures. CP-2 is "Collocation Completed Within Scheduled Interval. CP-4 is "Collocation Feasibility Study Commitments Met".

Commission authorizes its participation in that process. ¶58.

Qwest must eliminate limitations on the Commission's ability to conduct an independent audit under the QPAP, aside from any audit conducted by another state or multi-state process. ¶¶63-64.

Qwest must modify the QPAP to allow for cash payments by electronic fund transfers only upon agreement by Competitive Local Exchange Carriers ("CLECs"). ¶68.

Qwest must modify the SGAT to indicate that interconnection may be accomplished through provision of a DS1 or DS3 entrance facility, Direct Trunked Transport, or both. ¶74.

Qwest's SGAT may not prohibit CLEC product management employees from accessing right-of-way agreements. ¶83.

June 21, 2002

In the Matter of the	DOCKET NO. UT-003013
Continued Costing and Pricing of Unbundled Network Elements, Transport, and Termination	THIRTY-SECOND SUPPLEMENTAL ORDER; PART B ORDER; LINE SPLITTING, LINE SHARING OVER FIBER LOOPS; OSS; LOOP CONDITIONING; RECIPROCAL COMPENSATION; AND NONRECURRING AND RECURRING RATES FOR UNES

The Commission places a high priority on facilitating competition among carriers and facilitating access to broadband services. The development of terms and conditions necessary to implement line splitting, including the provisioning of Digital Subscriber Line ("DSL") service by an Incumbent Local Exchange Carrier ("ILEC") in conjunction with voice services provided by a Competitive Local Exchange Carrier ("CLEC"), should take place in a Washington Line Splitting Collaborative or a similar type of proceeding. This proceeding will address establishment of a product definition for line splitting, proposed rates (including OSS), and a deployment schedule. ¶¶21-22.

An ILEC is not required to provide a line splitter to a CLEC unless one is already installed, in which case the ILEC must offer to sell the splitter if a CLEC wishes to convert a line sharing arrangement to a line splitting arrangement. ¶27.

CLECs must be allowed to line share using Digital Subscriber Line Access Multiplexer ("DSLAM") facilities that they deploy at either an incumbent's central office or at a remote terminal. Even if there is no room at the remote terminal, ILECs must make line

sharing available to CLECs. ¶35; *Deployment of Wireline Services Offering Advanced Telecommunications Capability*, Third Report and Order on Reconsideration, CC Docket No. 98-147, and *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, Fourth Report and Order on Reconsideration, CC Docket No. 96-98 (released January 19, 2001) ("Line Sharing Reconsideration Order") at ¶¶11-13.

The Commission rejects proposals to price fiber-fed DLC wholesale products developed by ILECs at market rates because the high frequency portion of the loop is a UNE, not a retain service, and access to it must be priced at TELRIC rates. ¶¶41-42.

The Commission will await the outcome of proceedings before the California Public Utilities Commission and the FCC to determine the technical feasibility of line sharing options and to establish terms and conditions for access to fiber-fed loops. This decision does not signify that the Commission will defer to other jurisdictions, nor does it mean the Commission will wait indefinitely for completion of these other proceedings to decide on such matters. ¶43-44.

The Commission affirms that OSS costs approved in Part A of this proceeding were expressly for the period 1996-99 and that they do not constitute a recovery cap, since the list of UNEs may change over time and ILECs should not be prohibited from recovering reasonably incurred costs for providing access to UNEs. ¶49.

The mechanization of processes related to access promoted by recovery of OSS costs should lead to cost reductions in nonrecurring rates. Thus ILECs should be allowed recovery for all reasonable expenses associated with OSS modifications required by the FCC or that result in increased efficiency. ¶50.

As Qwest and Verizon update their OSS Transition costs, they must file updated nonrecurring cost studies supported by time and motion studies that reflect decreased work times achieved through increasingly mechanized processes. ¶51.

When an ILEC's work time estimates supporting nonrecurring rates for loop conditioning are several times higher than another similarly situated ILEC, and there is no reason offered to explain why the first ILEC's engineers or technicians are less efficient than the comparison ILEC, the Commission will direct the first ILEC to recalculate its costs and rates using work time estimates previously approved for the comparison ILEC. ¶56-59.

When one ILEC's documented average loop length is considerably longer than another ILEC's average loop length, the Commission will allow an adjustment of installation work time estimates for loop conditioning to reflect the additional loop length. ¶60.

CLECs requesting die-loading or removal of bridge taps are cost-causers and must compensate ILECs for the entire nonrecurring costs consequently incurred. ¶67.

ILECs are permitted to recover costs associated with loop conditioning for loops of any length. ¶71.

Although the Commission is restricted by the Federal Communication Commission's ("FCC") internet service provider ("ISP") Remand Order from altering the make-up of traffic entitled to reciprocal compensation, the Commission has the authority to establish the appropriate rate structure and permanent rates for the exchange of traffic governed by existing agreements that are not subject to the FCC's interim compensation regime. ¶ 3. *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996,* Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 96-98; CC Docket No. 99-68, 16 FCC Rcd 9151 (rel. April 27, 2001) ("ISP Remand Order").

A per-minute of use ("MOU") reciprocal compensation rate structure based on permanent unbundled network element ("UNE") switching and transport rates must replace interim reciprocal compensation rates in existing interconnection agreements. ¶92.

A CLEC may be entitled to reciprocal compensation at the tandem switch rate if it meets the geographic area test established by the FCC. In addition, a CLEC may be entitled to such reciprocal compensation if its switch is comparable functionally to the ILEC's tandem switch. These determinations must be made on a case-by-case basis. However, even if a CLEC meets the geographic area test or the functional equivalency test, the Commission does not assume that 100% of the traffic

terminated by a CLEC should be compensated at the tandem switch rate. Instead, two-tiered rates reflecting termination of traffic subject to the tandem rate, as well as traffic not subject to the tandem rate, must be established to meet the symmetry requirement in the FCC's rules. ¶99-106; First Report and Order, In re Implementation of the Local Competitive provisions in the Telecommunications Act of 1996, No. 96-98, 11 FCC Rcd 21905, 1996 FCC LEXIS 4312 (rel. Aug. 8, 1996) ("Local Competition Order"); *U S WEST Communications v. Washington Utilities and Transportation Commission*, 255 F.3d 990 (9th Cir. 2001) 47 C F R 51.711(a)(3).

Both ILECs and CLECs must share the cost for interconnection trunking and entrance facilities, regardless of which constructs the facilities. However, cost sharing for interconnection facilities must be determined according to the relative local traffic flow over each facility. ISP-bound traffic is interstate traffic and must be excluded from the calculation of interconnection facilities' cost sharing. ¶113-114; 47 C F R 51.709.

Qwest must make revisions to its nonrecurring cost studies to reflect a 75% probability for CLEC submission of mechanized orders and a 25% probability of manual orders. ¶129.

Qwest must adjust its disconnect call work-time downward so that the ratio of disconnect to-add service work-time is equal to that of Verizon. ¶133.

Qwest failed to meet its burden of proof to show that its proposed Field Connection Point (FCP) field verification charge was reasonable. The FCP quote preparation fee proposed by the Joint CLECs for sub-loop unbundling at the feeder-distribution interface and the pedestal is adopted until Qwest files FCP cost studies and prices in the next generic cost case. ¶¶156-157.

The Commission favors establishing tariffed nonrecurring rates to the greatest extent possible. ¶167.

Qwest's proposal to inspect every manhole along a prescribed route for field verification purposes is excessive. Qwest should only inspect those manholes where congestion is likely to occur. In high-density urban areas, inspection should not occur more than once per block. In low-density corridors, inspection should not be necessary more than once every four blocks. ¶¶170-171.

The Commission declines to rely on cost models reviewed in UT-960369 in this and future proceedings because they fail to satisfy the test of being open, reliable and economically sound; because they are not in the record in this proceeding; and because they do not estimate costs for many UNEs at issue in this proceeding. ¶¶197; 228-230.

Qwest must revise its sub-loop element rates to reflect a 50/50 ratio of feeder and distribution investment among density zones. ¶237.

Qwest must eliminate the pricing distinction between EUDIT (transport between CLEC

wire center and Qwest wire center) and UDIT (transport between Qwest wire centers) and apply to both services variable and fixed recurring charges. ¶246.

Verizon's actual observed work times for various activities should form the basis for all of its costs and charges, taking into account that not all of Verizon's order entry processes are fully automated and that even the most efficient employee is not active 100% of the time, nor is each employee's work on a specific task continuous. Verizon must adjust its actual observed work time upwards by 20%. Labor times must be based on the company's actual observed work times plus 20% ¶¶267-277; 293.

Verizon must eliminate National Open Market Center (NOMC) expenses from its Incremental Cost Model ("ICM") cost model so that NOMC expenses are collected from CLECs that place NOMC orders rather than applying NOMC expenses as a loading factor to all cost elements developed by ICM. ¶283. On an interim basis, Verizon must charge no more than Qwest for converting special access or private line circuits to an EEL. When a facility remains in place, there is no physical disconnection, and it is in appropriate to treat it as such in company records. ¶301.

Verizon must establish separate rates for OSS recovery on a per-LSR basis. ¶317.

Verizon must charge the same nonrecurring charge for conversions of special access or private line circuits, regardless of whether those circuits are being converted to EELs or to unbundled loops. ¶323.

Verizon must modify its cost study to reflect loop lengths at the wire center level, based on data the company developed in 1998. ¶347.

Because Verizon failed to submit a drop-length study in this proceeding, it must adjust its drop lengths to match the values adopted in the Eighth Supplemental Order in UT-960369. ¶353.

Verizon must recalculate its ICM cost estimates: to reflect structure sharing ratios previously adopted in the Eighth Supplemental Order in UT-960369 ¶355 and to reflect pole cost estimates adopted in Docket No. UT-980311. All other recurring estimates must be derived using the same input values used to obtain the loop estimate of $23.94. ¶361.

Verizon must utilize a common cost factor of 19.3% as an interim rate until a permanent rate is approved in a later proceeding. ¶379. Verizon must adjust its model to reflect a 50/50 mix of fiber and copper in the fiber-copper mix for high capacity loops. ¶389.

Verizon may not charge TELRIC-based rates for specific vertical features of a switch, because these costs are accounted for in the purchase of the switch by the ILEC from its vendors and because Verizon stated it would not propose vertical feature rates in Washington since these costs are already part of the port rate element. ¶391.

Verizon may not charge for spare dark fiber facilities through use of a fill rate and at the same time retain the right to reclaim the fiber

at a later time. If Verizon follows this practice, it must remove all capacity costs from its dark fiber cost calculations, since these costs are accounted for by fill rates, and may recover only the operations and maintenance costs associated with the fiber. ¶407.

Verizon must use a ratio of feeder and distribution investment reflecting a 50/50 split for denser urban areas when calculating sub-loop element rates. ¶415.

The FCC does not require states to establish TELRIC rates for packet switching unless certain conditions are met, nor does the FCC prevent state commissions from establishing such rates on their own. ¶432; 47 C F R 51.319(c)(3)(B); UNE Remand Order.